

LAW OFFICES
ALVORD AND ALVORD

200 WORLD CENTER BUILDING

918 SIXTEENTH STREET, N.W.

WASHINGTON, D.C.

20006

OF COUNSEL
JESS LARSON

CABLE ADDRESS
"ALVORD"

TELEPHONE
AREA CODE 202
393-2266

ELIAS C. ALVORD (1942)
ELLSWORTH C. ALVORD (1964)

ROBERT W. ALVORD
ALBERT H. GREENE
CARL C. DAVIS*
CHARLES T. KAPPLER
THOMAS A. FRAZIER, JR.
ROBERT S. HOPE
JOHN H. DOYLE
MILTON C. GRACE*

* NOT A MEMBER OF D. C. BAR

July 26, 1976

8199-A
JUL 26 1976 1 47 PM
RECORDED & INDEXED

Office of the Secretary
Interstate Commerce Commission
Washington, D. C. 20423

Gentlemen:

Enclosed for recordation under the provisions of Section 20c of the Interstate Commerce Act and the rules and regulations thereunder, as amended, are two originals and one photocopy of a Supplemental Lease Agreement bearing date of July 15, 1976.

The enclosed Supplemental Lease Agreement dated July 15, 1976 supplements a Lease Agreement dated December 31, 1975 which was duly recorded at 1:50 p.m. on January 28, 1976 and assigned Recordation Number 8199.

A general description of the railroad equipment covered by the enclosed documents is attached hereto as Exhibit A.

The names and addresses of the parties to the Supplemental Lease Agreement are:

LESSOR: Macyoung Leasing Ltd.
1 Place Ville Marie, Suite 750
Montreal, Quebec, Canada

LESSEE: Canadian National Railway Company
935 Lagauchetiere St. West
Montreal, Quebec, Canada H3C 3N3

The undersigned is the authorized agent for the Lessee for the purpose of submitting the enclosed document for recordation and has knowledge of the matters set forth therein.

RECEIVED
JUL 26 1 47 PM '76
CERTIFICATION UNIT

Quayle
cc. Kuylen

Office of the Secretary
Interstate Commerce Commission
July 26, 1976
Page Two

Please return the photocopy of the Supplemental
Lease Agreement to the bearer of this letter.

Also attached is a remittance in the amount of
\$10.00 covering the required recording fee.

By: ALVORD AND ALVORD
Authorized Agent for
Canadian National Railway Company

By: Charles T. Kappler
Charles T. Kappler

CTK:ktm

Enclosures

LEASE OF EQUIPMENT BETWEEN
MACYOUNG LEASING LTD. AND CANADIAN NATIONAL RAILWAY COMPANY (NO. 2)

[illegible]

Interstate Commerce Commission

Washington, D.C. 20423

7/26/76

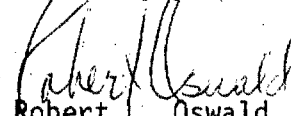
OFFICE OF THE SECRETARY

• Charles T. Kappler
Alvord and Alvord
200 World Center Building
918 16th Street, N.W.
Washington, D.C. 20006
•

Dear Sir:

The enclosed document was recorded pursuant to the provisions
of Section 20c of the Interstate Commerce Act, 49 U.S.C. 20c, on **7/26/76**
at **1:55pm**, and assigned recordation number **8199-A**

Sincerely yours,


Robert L. Oswald
Secretary

Enclosure

SE-39
(2/75)

SUPPLEMENTAL LEASE AGREEMENT

THIS SUPPLEMENTAL LEASE AGREEMENT is entered into as of the 15th day of July, 1976 by and between MACYOUNG LEASING LTD., a company duly incorporated under the laws of Canada, as Lessor and CANADIAN NATIONAL RAILWAY COMPANY, a company incorporated and continued by Special Act of the Parliament of Canada, as Lessee.

WHEREAS as of December 31, 1975 the parties hereto have entered into a lease agreement (the "Lease Agreement") pursuant to which the Lessor agreed to lease to the Lessee the Equipment therein described for a term expiring July 14, 1976 at the rental and upon the other terms and conditions therein provided;

WHEREAS by a Lease Extension Agreement (the "Extension Agreement") dated as of December 31, 1975 between the parties hereto, the parties hereto agreed to extend the term of the Lease Agreement upon the terms and conditions therein provided;

WHEREAS the Lessor has obtained commitments satisfactory to it from prospective purchasers to purchase the Second Series Notes (as defined in the Extension Agreement) in accordance with the provisions of paragraph 1 of the Extension Agreement and has given to the Lessee the Notice required by paragraph 2 of the Extension Agreement setting forth the interest rate to be borne by the said Second Series Notes, the resultant instalments of rental payable during the extended Term of the Lease Agreement and the other attributes and characteristics of such Second Series Notes, the Stipulated Loss Value and Termination Value percentages to be payable during the extended Term of the Lease Agreement, the whole in accordance with such paragraph 2;

WHEREAS such interest rate, rental, other attributes and characteristics and Stipulated Loss Value and Termination Value percentages are acceptable to the Lessee

and



and the parties hereto are desirous of entering into this Agreement to evidence the extension of the Lease Agreement during the period from July 15, 1976 to July 14, 1991 and to incorporate into the Lease Agreement the terms and conditions contained in such Notice, to make such amendments to the Lease Agreement to reflect such extension, such terms and conditions and to otherwise give effect to the Extension Agreement.

NOW, THEREFORE, for good and valuable consideration mutually given and received, the receipt whereof is hereby acknowledged, the parties hereto mutually agree as follows:

1. The Lease Agreement shall be and it is hereby supplemented and amended as follows, such amendments to take effect as of the date hereof:-

(i) Exhibit A to the Lease Agreement is replaced by Exhibit A to this Agreement;

(ii) Section 1.03 of the Lease Agreement is amended by deleting therefrom the phrase beginning with the words "; provided further that" and ending with the words "not exceeding \$23,000,000" so that Section 1.03 shall read as follows:

"Section 1.03 "Equipment" shall mean and include the flat cars described in Exhibit A hereto delivered to the Lessor prior to July 5, 1976 and includes any unit substituted for a Unit in the case of an Event of Loss pursuant to Section 6.16 hereof and excludes any Lost Unit which the Lessee has not replaced pursuant to the provisions of such Section 6.16 provided that the Lessee has complied with the provisions of such Section 6.16."

(iii) Section 1.04 of the Lease Agreement is replaced by the following:

"Section 1.04 "Equipment Cost" shall mean the amount of \$21,349,505.79 , being the cost of the Equipment to the Lessor, as such amount may be reduced in accordance with the provisions of Section 6.16 hereof from time to time by an amount equivalent to the cost (as set forth in

Exhibit




Exhibit A hereto) of any Lost Unit which the Lessee has not replaced pursuant to the provisions of such Section 6.16."

(iv) Section 1.15 of the Lease Agreement is replaced by the following:-

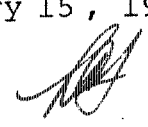
"Section 1.15 "Stipulated Loss Value" of the Equipment during the period to July 14, 1976 shall be an amount equal to the Equipment Cost and thereafter shall be an amount equal to a portion of the Equipment Cost determined by multiplying the Equipment Cost by the applicable Stipulated Loss Value as follows:

If the event giving rise
to the payment of the Stipulated Loss Value occurs in
the 6 months prior to

Stipulated Loss
Value Percentage

January 15, 1977	103.19%
July 15, 1977	99.90%
January 15, 1978	99.20%
July 15, 1978	98.09%
January 15, 1979	96.65%
July 15, 1979	94.85%
January 15, 1980	92.76%
July 15, 1980	90.35%
January 15, 1981	87.75%
July 15, 1981	84.99%
January 15, 1982	82.10%
July 15, 1982	79.05%
January 15, 1983	75.87%
July 15, 1983	72.55%
January 15, 1984	69.09%
July 15, 1984	65.49%
January 15, 1985	61.76%
July 15, 1985	57.89%
January 15, 1986	53.89%
July 15, 1986	49.74%
January 15, 1987	45.45%
July 15, 1987	41.02%
January 15, 1988	36.45%
July 15, 1988	31.72%
January 15, 1989	26.84%
July 15, 1989	21.80%

January 15, 1990



January 15, 1990	16.61%
July 15, 1990	11.24%
January 15, 1991	5.71%
July 15, 1991	0.00%

(v) Section 1.18 of the Lease Agreement is replaced by the following:

"Section 1.18 "Termination Value" of the Equipment shall be the greater of an amount equivalent to the Fair Market Value of the Equipment at the time the Event of Default occurs or an amount equal to the Equipment Cost if such Event of Default occurs on or prior to July 14, 1976, and if such Event of Default occurs after July 14, 1976 an amount equal to a portion of the Equipment Cost determined by multiplying the Equipment Cost by the applicable Termination Value percentage as follows:

<u>If the Event of Default occurs in the 6 months prior to</u>	<u>Termination Value Percentage</u>
January 15, 1977	110.00%
July 15, 1977	106.86%
January 15, 1978	106.40%
July 15, 1978	105.46%
January 15, 1979	104.11%
July 15, 1979	102.35%
January 15, 1980	100.24%
July 15, 1980	97.77%
January 15, 1981	94.99%
July 15, 1981	92.00%
January 15, 1982	88.88%
July 15, 1982	85.61%
January 15, 1983	82.22%
July 15, 1983	78.70%
January 15, 1984	75.06%
July 15, 1984	71.28%
January 15, 1985	67.39%
July 15, 1985	63.37%
January 15, 1986	59.22%
July 15, 1986	54.95%
January 15, 1987	50.56%
July 15, 1987	46.04%
January 15, 1988	41.39%
July 15, 1988	36.61%

January 15, 1989



January 15, 1989	31.69%
July 15, 1989	26.64%
January 15, 1990	21.45%
July 15, 1990	16.11%
January 15, 1991	10.63%
July 15, 1991	5.00%

(vi) Section 3.01 of the Lease Agreement is replaced by the following:

"Section 3.01 Term. The Term of this Agreement shall commence on January 1, 1976 and, unless terminated earlier pursuant to the provisions of Article VIII hereof, terminate on July 14, 1991."

(vii) Section 4.01 of the Lease Agreement is amended by

(a) Replacing the words "the Term" where they appear at the end of Section 4.01 by the words "that portion of the Term up to and including July 14, 1976.", and

(b) By adding the following paragraph thereto

"after July 14, 1976 and throughout the remainder of the Term, the Lessee hereby agrees to pay to the Lessor, subject to the provisions of Section 6.16 hereof, Basic Rental for the Equipment in equal consecutive semi-annual instalments in an amount equivalent to 5.95431% of the Equipment Cost, the first of such instalments to be paid on January 14, 1977, and thereafter on January 14 and July 14 in each year during the Term up to and including July 14, 1991."

(viii) Section 4.02 of the Lease Agreement is amended by replacing the words "Term (as extended after July 14, 1976 pursuant to the Extension Agreement)" wherever they appear in Section 4.02 by the word "Term".

(ix) Section 6.16 of the Lease Agreement is amended by inserting the following sentence after the first sentence of the second paragraph:

"Notwithstanding the provisions of Section 1.15 hereof, the applicable Stipulated Loss Value percentage shall be the percentage applicable for that period during which the payment is required to be made pursuant to this Section 6.16."

(x) Section 9.01 of the Lease Agreement is replaced by the following:

"Section 9.01 Option to purchase. As additional consideration for this Agreement, the Lessee shall have the irrevocable and exclusive right to purchase any Unit upon the expiration

of 

of the Term of this Agreement, namely July 14, 1991 for an amount equivalent to the then Fair Market Value of each Unit to be purchased provided that (a) no Event of Default (or other event which after lapse of time or notice or both has become an Event of Default) shall have occurred and be continuing, and (b) this Agreement has not been terminated prior to such date. Such option shall be exercised by the Lessee by giving to the Lessor notice of not less than 6 months prior to the expiration of the Term of its desire to exercise such option and by paying to the Lessor on the date of the expiration of the Term such amount."

2. For the purpose of convenience this Agreement may be referred to as bearing formal date of July 15, 1976 irrespective of the actual date of execution hereof and shall be valid and effective from that date.

National Trust Company, Limited, a company duly incorporated under the laws of the Province of Ontario (herein called the "Intervenant"), herein acting in its capacity as trustee under the Trust Deed of Hypothec, Mortgage and Pledge in notarial form before Marcel Giroux, Notary, and the Deed of Trust and Mortgage in English form, both bearing formal date of December 31, 1975 and both executed by the Lessor in favour of the Intervenant, as supplemented by a First Supplemental Trust Deed in both English and notarial form bearing formal date of July 15, 1976 to be executed by the Lessor in favour of the Intervenant (all of which deeds are herein collectively referred to as the "Trust Deed"), providing for the issue and securing by the Lessor from time to time of Notes of the Lessor, duly authorized for the purposes hereof (and more particularly but without limiting the generality of the foregoing pursuant to a Noteholders' Instrument dated July 15, 1976 signed by the holder of all the Notes outstanding under the Trust Deed), for good and valuable consideration receipt whereof is hereby acknowledged, hereby intervenes herein, takes cognizance of the foregoing and consents to this Agreement and to the amendments and supplements to the Lease Agreement herein contained.

IN WITNESS WHEREOF, the parties hereto and the Intervenant have duly executed this Agreement as of the

day



day and year first above written.

Lessor

Macyoung Leasing Ltd.

Wm. F. Davis
PRESIDENT
W. J. Bennett
DIRECTOR

Lessee

Canadian National
Railway Company

C. H. Bailey
VICE PRESIDENT
[Signature]
DEPUTY SECRETARY



Intervenant

National Trust Company,
Limited

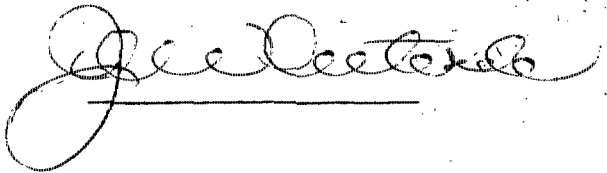
[Signature]
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LEASE OF EQUIPMENT BETWEEN
MACYOUNG LEASING LTD. AND CANADIAN NATIONAL RAILWAY COMPANY (NO. 2)

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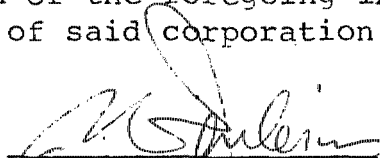
PROVINCE OF ONTARIO
CITY OF TORONTO

On this 14th day of July, 1976, before me personally appeared MACK F. HAGGS, to me personally known, who, being by me duly sworn, says that he is PRESIDENT of Macyoung Leasing Ltd., that one of the seals affixed to the foregoing instrument is the corporate seal of said corporation and that said instrument was signed and sealed on behalf of said corporation by authority of its Board of Directors and he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.



PROVINCE OF QUEBEC
CITY OF MONTREAL

On this 14th day of July, 1976, before me personally appeared W. H. BAILEY personally known, who, being by me duly sworn, says that he is a VICE-PRESIDENT of Canadian National Railway Company, that one of the seals affixed to the foregoing instrument is the corporate seal of said corporation and that said instrument was signed and sealed on behalf of said corporation by authority of its Board of Directors and he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.



R. G. Jenkins,

Commissioner for Oaths

Commissaire à l'Assermentation

District - Montreal

Expires

June 11/77

PROVINCE OF QUEBEC
CITY OF MONTREAL

On this 15th day of July, 1976, before me personally appeared R. E. Smith personally known, who, being by me duly sworn, says that he is a Trust Officer of National Trust Company, Limited, that one of the seals affixed to the foregoing instrument is the corporate seal of said company and that said instrument was signed and sealed on behalf of said corporation by authority of its Board of Directors and he acknowledged that the execution of the foregoing instrument was the free act and deed of said company.

